

## Message Text

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ORIGIN PA-02

INFO OCT-01 PRS-01 ISO-00 SSO-00 SS-15 CCO-00 /019 R

DRAFTED BY PA:CCAPPS:CC

APPROVED BY PA/M:WJDYESS

S/S- MR. SEBASTIAN

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O 011935Z DEC 76 ZFF4

FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

UNCLAS STATE 292949 TOSEC 310383

E.O. 11652:N/A

TAGS: SOPN, OVIP (KISSINGER)

SUBJECT:PRESS MATERIAL

1. HERewith FULL TEXT NEW YORK TIMES EDITORIAL WEDNESDAY  
DECEMBER 1 HEADED "LEGACY FOR MR. LOPEZ."
  2. WHEN HE TAKES THE OATH AS PRESIDENT OF MEXICO TODAY,  
JOSE LOPEZ PORTILLO MAY REFLECT ON THE MAXIM: I CAN DEFEND  
MYSELF AGAINST MY ENEMIES; BUT GOD PROTECT ME FROM MY  
FRIENDS. RETIRING PRESIDENT LUIS ECHEVERRIA ALVAREZ  
SURPRISED EVERYONE LAST YEAR BY PICKING MR. LOPEZ TO BE HIS  
SUCCESSOR; BUT HE HAS BEQUEATHED HIS LIFELONG FRIEND STAG-  
GERING PROBLEMS: POLITICAL UNREST, 20 PERCENT INFLATION; 30  
PERCENT UNEMPLOYMENT, HUGE BUDGET AND TRADE DEFICITS AND THE  
COUNTRY'S WORST FINANCIAL CRISIS IN 65 YEARS.
  3. MR. ECHEVERRIA'S ADMINISTRATION IS NOT ENTIRELY TO BLAME  
FOR A DEPRESSION THAT AFFLICTS MANY COUNTRIES IN GREATER OR  
LESSER DEGREE. BUT IT CANNOT ESCAPE RESPONSIBILITY FOR  
POLICIES THAT INCREASED THE BUDGET DEFICIT 600 PERCENT IN  
SIX YEARS, EXPANDED THE NUMBER OF STATEOWNED ENTERPRISES  
EIGHT-FOLD, AND CUT THE VALUE OF THE PESO BY OVER HALF IN  
THE LAST THREE MONTHS WITHOUT ACHIEVING ANTICIPATED BENEFITS
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ESPECIALLY INCREASED EXPORTS.

4. THE RETIRING PRESIDENT ADDED ANOTHER HOST OF INTRACTABLE PROBLEMS TO HIS BEQUEST ELEVEN DAYS BEFORE LEAVING OFFICE WHEN HE ABRUPTLY EXPROPRIATED 240,000 ACRES OF AGRICULTURAL LAND IN NORTHWESTERN MEXICO, TO BE DISTRIBUTED IN SMALL HOLDINGS TO 8,000 PEASANT FAMILIES. THIS ENCOURAGED ADDITIONAL UNAUTHORIZED LAND SEIZURES, PROVOKED NOT ONLY THE DISPOSSESSED LANDLORDS BUT THEIR ALLIES IN BUSINESS, AND ACCELERATED THE FLIGHT OF CAPITAL OUT OF THE COUNTRY.

5. MR.ECHEVERRIA MADE A VIGOROUS EFFORT IN SIX YEARS TO PROVIDE A BETTER LIFE FOR THE VAST MAJORITY OF MEXICANS WHO REMAIN ABYSMALLY POOR. HIS FAULT WAS THE FAMILIAR ONE OF TRYING TO ACCOMPLISH TOO MUCH OVER TOO SHORT A PERIOD, AND THE EFFECTS WERE PARTICULARLY DAMAGING IN A TIME OF WORLDWIDE INFLATION. AND FOR SEVERAL YEARS, MANY MEXICANS FELT HE WAS TRYING HARDER TO BECOME LEADER OF THE DEVELOPING NATIONS AND SECRETARY GENERAL OF THE UNITED NATIONS THAN TO KEEP THINGS ON TRACK AT HOME.

6. NOW MR. LOPEZ MUST DEAL WITH THE CONSEQUENCES: SEVERE RECESSION AND ROARING INFLATION; THE RISING HOPES OF THE POOR; EXPECTATIONS FOR A SWING TO CONSERVATIONISM BY THE MIDDLE-CLASS AND THE RICH; THE NECESSITY FOR CUTTING PUBLIC SPENDING AND IMPOSING AUSTERITY WHILE CONSERVING AS MANY ECHEVERRIA REFORMS AS POSSIBLE.

7. IN SHORT, MR. LOPEZ MUST WALK A POLITICAL TIGHTROPE, CONSCIOUS OF THE NEED TO RECREATE A CLIMATE FOR BUSINESS EXPANSION AND CAPITAL INVESTMENT, BUT AWARE THAT TOO ABRUPT A RETREAT COULD BRING HIM UNDER ATTACK BY THE MAN WHO PICKED HIM TO BE PRESIDENT. IN HIS INAUGURAL HE CAN IN GOOD CONSCIENCE PAY TRIBUTE TO THE ACCOMPLISHMENTS OF THE ECHEVERRIA GOVERNMENT; BUT AS HE SETS OUT ON THE TIGHTROPE HE MUST WONDER WHY HIS PREDECESSOR AND FRIEND FELT IT NECESSARY SO LATE IN HIS TERM TO PUT SO MANY ADDITIONAL OBSTACLES ON THE COURSE. ROBINSON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TOSEC, TENURE OF OFFICE, GOVERNMENT REFORM, PRESIDENTIAL SUCCESSION, SPEECHES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE292949  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** CCAPPS:CC  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760445-0612  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761281/aaaacstq.tel  
**Line Count:** 98  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN PA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** wolfsd  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <25 MAY 2004 by hattaycs>; APPROVED <11 AUG 2004 by wolfsd>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PRESS MATERIAL  
**TAGS:** SOPN, OVIP, (KISSINGER, HENRY A), (LOPEZ PORTILLO, JOSE)  
**To:** SECRETARY  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006